

**SUMMARY APPRAISAL OF
AN EXISTING COMMERCIAL BUILDING**



LOCATED AT

**506 WEST SULLIVAN STREET
MIAMI, ARIZONA 85539**

PREPARED FOR

**MR. STEVE STRATTON
GILA COUNTY PUBLIC WORKS ADMINISTRATION
1400 EAST ASH STREET
GLOBE, ARIZONA 85501**

AS OF OCTOBER 26, 2011

PREPARED BY

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APPRAISER'S FILE NO: 3195

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November 2, 2011

Mr. Steve Stratton
Gila County Public Works Administration
1400 East Ash Street
Globe, Arizona 85501

Re: Commercial Appraisal in Summary Format of a Commercial Building
Located at 506 West Sullivan Street
Miami, Arizona 85539
Appraiser's File No. 3195

Dear Mr. Stratton:

Pursuant to your request, I have prepared herewith a Summary Appraisal estimating the As Is Market Value of the fee simple interest in the above-noted real property. The date of inspection is October 26, 2011, which is the effective date of value.

As a result of my investigation and analysis, I have estimated the Market Value of the property to be as follows:

EIGHTY-THREE THOUSAND DOLLARS
(\$83,000)

The purpose of the appraisal is to estimate the subject's Market Value in fee simple interest. The intended use of this report is to assist the client, Gila County, in a business decision pertaining to the disposition of the subject property.

This appraisal has been prepared in accordance with the current edition of:

- Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (12 U.S.C. 3331 et seq.); and
- the regulations adopted by the Office of the Comptroller of the Currency pursuant to Title XI, including, without limitation, the current version of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Foundation.

In addition, this valuation is based on the attached appraisal report and all the assumptions and limiting conditions contained therein.

It should be noted that the client and owner of the property, Gila County, is considering selling the property to the Town of Miami, and it is for this purpose (disposition purposes) that the appraisal is being prepared. The building is currently leased to the Town of Miami, but the lease

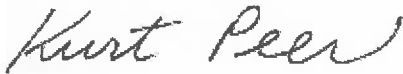
is cancelable by either party to it, with 90 days written notice, and in that it's cancelable there is no encumbrance of the subject property, which is being appraised in fee simple.

This appraisal is of the market value of the subject property, and incorporates the parameters of market value definition. Also, while the purpose of the appraisal is for disposition purposes as noted, the value, being market value, would theoretically apply in the event a different party were to acquire the property, the point being that the appraisal is of the market value of the property, not any special use or special situation value.

I hereby certify that I have made a personal inspection of the subject property; that my fee was not contingent on the value contained herein, including a minimum valuation, a specific valuation, or the approval of a loan; that I have no interest, present or prospective, in the subject property; and that I have the current licensing and the necessary experience and competency to perform this assignment. Furthermore, I hereby certify that, to the best of my knowledge and belief, all statements and opinions contained in this report are correct, subject to the General Assumptions and Limiting Conditions, as well as any Extraordinary Assumptions and Limiting Conditions, and the Certification which are made a part of this report.

I appreciate the opportunity to be of service. If you should have any questions, please don't hesitate to call.

Best Regards,

A handwritten signature in cursive script that reads "Kurt Peer". The signature is written in dark ink and is positioned above the printed name and title.

Kurt Peer
Certified General Real Estate Appraiser

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SUMMARY OF THE APPRAISAL

PROPERTY TYPE:	Commercial Building
ADDRESS:	506 West Sullivan Street Miami, Arizona 85539
ASSESSOR'S PARCEL NUMBER:	206-19-094A
BLDG SF:	2,120 SF
YEAR BUILT:	1915
ZONING:	Commercial
PURPOSE OF APPRAISAL:	Estimate "As Is" Market Value
FUNCTION OF APPRAISAL:	Disposition
PROPERTY RIGHTS APPRAISED:	Fee Simple
DATE OF VALUE:	October 26, 2011
DATE OF REPORT:	November 2, 2011
HIGHEST AND BEST USE:	
As if Vacant:	Speculation and/or Development
As Is:	Continued Existing Use
MARKET VALUE CONCLUSION:	\$83,000

INTRODUCTION TO THE APPRAISAL

EXECUTIVE SUMMARY AND PROPERTY IDENTIFICATION:

Herewith is a Narrative Commercial Appraisal Report, in Summary Format, of a commercial building, located at 506 West Sullivan Street, in Miami, Arizona, described in further detail in the body of the report. Appraiser is Certified General Real Estate Appraiser with current License in the State of Arizona, and has the experience and qualifications necessary to appraise the subject property. Appraisal has been prepared in conformance with the current requirements of the Uniform Standards of Professional Appraisal Practice, and sets forth the description, analysis, and valuation estimates of the subject property. Subject property was inspected by the appraiser on October 26, 2011, which is the effective date of value herein.

PURPOSE AND FUNCTION OF THE APPRAISAL:

The purpose of the appraisal is to provide an estimate of the as is Market Value of the subject property. The value opinion is predicated on the forthcoming definitions of value and property rights as utilized in this appraisal. The function or intended use of this appraisal is for business decisions (disposition) on the part of the client. The intended user of the report is the prior-noted client. This report may not be utilized for any other purpose, nor for any other client, than the purpose and client noted in the report, and is considered invalid if done.

DEFINITION OF MARKET VALUE:

"Market Value" is defined by Federal Financial Institutions Regulatory Agencies, including the Office of the Controller of the Currency, as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from the seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

PROPERTY RIGHTS APPRAISED:

The property rights being appraised herewith are those associated with the fee simple estate. According to the Dictionary of Real Estate Appraisal, "fee simple estate" is defined as: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."

AS IS CONSIDERATION:

The subject is valued in its "as is" condition, or the physical and economic state the property was observed in by the appraiser on the date of inspection. Specifically, the as is value is the value of the subject's specific ownership rights to what physically exists on the appraiser's date of

inspection, excluding all assumptions concerning hypothetical conditions, such as completion of work-in-progress, construction of a proposed building, correction of any deficiencies, the considering of an un-stabilized property as stabilized, etc. It also assumes typical marketing for the subject property, based on the above market value definition.

LEGAL DESCRIPTION:

The subject is legally described by the Gila County Assessor as follows: MIAMI TWNS LOT 506 BLK 24 COBRE VALLEY COMMUNITY TRANSIT

OWNERSHIP HISTORY:

A guideline of the Appraisal Institute calls for the reporting and analysis of any conveyances of the subject property over the 3 year period prior to the effective date of value, in addition to the reporting of any current listing or escrow of the subject property.

The current owner of the subject property is Gila County, and there have been no conveyances involving the property over the prior 3 year period. Moreover, the property is not currently in escrow or listed for sale. As has been noted, the client is interested in selling the property to the Town of Miami, and this appraisal is being prepared in conjunction with the same.

Appraiser was provided copy of current Lease on the property. Property is being leased from Gila County (Lessor) to the Town of Miami (Lessee), which is utilizing the property mainly for the offices of the Cobre Valley Community Transit (local transportation services). The lease was executed on July 1, 2000, and is for a period of 25 years, but the lease is cancelable by either party to it with 90 days written notice. The lease rate is \$100 per month. It is noted that this is an agreed upon rate between the two bodies politic for the public good and is not a lease rate based on the market. Lessee pays insurance on the building as well as utilities. Repair expenses are shared as is typical in such leases. Due to the cancellation clause, the lease does not encumber the property, and the valuation of the subject is in fee simple. Also, Mr. Steve Stratton with Gila County reports the 2000 lease is a continuation of the same basic lease which was in place previously.

SCOPE OF THE APPRAISAL:

The scope of the appraisal considers several factors, including the type of report (Summary Report vs. Self-Contained Report), the valuation approaches pertinent to and utilized in the assignment (Cost Approach, Sales Comparison Approach, Income Approach), and the general procedure the appraiser followed in preparing the report, including the inspection of the subject property and the data collection, analysis, and presentation.

Type of Appraisal

First, this is a Summary Appraisal, as requested by the client and deemed appropriate for the assignment at hand. Briefly, in a Summary Appraisal, the appraiser fully and diligently performs the appraisal assignment, including the research, investigation, and analysis, but in the written report itself the data and analysis is presented in a summarized format. Supporting documentation concerning the subject property itself and the research and analysis used in its valuation is retained in the appraiser's file.

More specifically, the Uniform Standards of Professional Appraisal Practice, under Standards Rule 2-2 (b), sets forth the following rules governing Summary Appraisal reports:

1. State the identity of the client and any intended users, by name or type;
2. State the intended use of the appraisal;
3. Summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the transaction;
4. State the real property interest appraised;
5. State the type and definition of value and cite the source of the definition;
6. State the effective date of the appraisal and the date of the report;
7. Summarize the scope of work used to develop the appraisal;
8. Summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
9. State the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion;
10. Clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results;
11. Include a signed certification in accordance with Standards Rule 2-3.

The above sets forth the parameters the appraiser has utilized in this Summary Report. The other type of report, the most detailed type, is the Self-Contained Report. In the Self-Contained Report, the level of research, investigation, and analysis is similar to that of a Summary Report but the written report is presented with a greater level of detail, support, and analysis.

In sum, concerning the two different types of reports, the content items and level of research and analysis are the same between them, but they are presented differently. Again, in the case of the subject property, a Summary Report has been utilized.

The Three Approaches to Value

Concerning the approaches utilized, all three approaches to value were considered in the case of the subject property, including the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. Each approach has its strengths and weaknesses depending on the nature of the assignment and the subject property. The approaches which are deemed appropriate for the assignment are then utilized, each resulting in its own value indication. The value indications from the approaches utilized are then reconciled into a final value estimate for the subject in the Reconciliation section of the report. In the case of the subject property, the only approach deemed warranted by the appraiser in the case at hand was considered to be the Sales Comparison Approach.

The subject property is to be owner-occupied (by the buyer – Town of Miami) and represents a typical owner-occupied building. That is, many buildings of the subject's type in the local market, though leaseable, are owner-occupied and/or are purchased with that in mind. In addition, the subject is an older property, making the use of the Cost Approach inappropriate.

The Sales Comparison Approach is germane in the case of the subject property, as buyers and sellers look to market data, in the form of recent sales of similar properties to the one under appraisal, and current listings of similar properties as well, in helping them determine a property's value. Moreover, the market data was supportable in terms of enough recent sales of similar

properties to the subject, which gives strength and credence to the use of the Sales Comparison Approach and makes it a strong approach in the case of the subject valuation. The Sales Comparison Approach is considered a strong value indicator in the case of the subject property.

The Cost Approach is considered inapplicable in the case of the subject, due to the strength and availability of the Sales Comparison Approach, which was appropriate and utilized, and the various weaknesses involved in the Cost Approach, one of the main ones being the estimated accrued depreciation. The Cost Approach is particularly germane for new or nearly new or somewhat unique properties (the subject is older, and a fairly typical building), or in cases when one of the other two approaches are not available for use.

The Income Capitalization Approach is also considered inapplicable in the case of the subject. The subject as noted is slated for owner-occupancy and as such will not be under lease, and also more represents an owner-occupied building than one that would be purchased by an investor seeking an income stream. The Income Capitalization Approach has therefore not been included in this assignment, and the lack of same is not detrimental in the valuation of the subject, as the appraiser has been able to diligently perform an appraisal of the subject using the Sales Comparison Approach.

Appraiser Work Methodology

Concerning the procedure the appraiser followed in the course of the assignment, the appraiser first communicated with the client to identify and ascertain the subject property to be appraised, the intended use of the appraisal, and the client's expectations concerning the assignment.

As for the subject property itself, a physical inspection was performed on October 26, 2011, in which the appraiser met Sandra Eylicio, Miami Town Clerk, on site. During the inspection, the improvements were first measured to determine the square footage. An interior and exterior inspection occurred during which the appraiser took photographs and notes about the various aspects of the property, including the building materials, layout, quality and condition, interior finish, site characteristics, surrounding uses, and mechanical characteristics such as HVAC, etc. Information about the site such as zoning, utilities, flood zone status, and taxes and assessments were obtained from the appropriate governmental sources. It should be noted that two of the subject offices were locked and unavailable for inspection when the appraiser did the inspection, but the two locked offices were reported to be in similar condition to the balance of the improvements, and such the fact is made an Underlying Assumption in this appraisal.

Concerning the data utilized, all of the comparables in the assignment were physically inspected and photographed by the appraiser. In addition, where appropriate, the appraiser spoke with parties knowledgeable about the comparables to confirm their details, and the appraiser in addition confirmed details about the comparables through such sources as county records, etc. All sale comparables were sought and selected based on their comparability to the subject property and appropriateness, and the search for them went back in time far enough to acquire the necessary data. The appraiser also researched the characteristics of the immediate and larger neighborhood and region in which the subject property is located, and especially the characteristics of the market such as supply and demand levels, vacancy and rental levels, etc, gaining such information from published sources, the internet, governmental agencies, and appropriate knowledgeable parties.

Summary of Scope

In summary, the scope of this appraisal report includes the gathering and analysis of pertinent market information in order to apply the most applicable valuation methodology in accordance with the guidelines and standards of the Uniform Standards of Professional Appraisal Practice.

REGIONAL AND NEIGHBORHOOD OVERVIEW

The description portion of the appraisal report begins with a discussion and analysis of the subject's location within the larger region, city, and neighborhood. This is then followed by the more specific descriptive sections including those of the subject site and subject improvements. The regional and neighborhood discussion begins herewith.

The subject property is located in central Arizona in Gila County. The county covers some 4,750 square miles and is a source of great mineral wealth. Silver was the area's first attraction, in the late 1800's, with copper mining soon becoming important, and continuing to be so. Gila County's land ownership is broken down by ownership as follows:

<i>Owning Entity</i>	<i>% of Total</i>
U.S. Forest Service	55%
State Government	4%
Privately Owned	4%
Apache Indian Reservation	37%
Total	100%

As noted, a considerable portion of the county belongs to the Apache Indian Tribe, with the San Carlos Apache Indian Reservation being located just to the east of Globe. Also of note, only about 4% of the land is privately owned in Gila County, meaning only 4% of the land is available as a tax base and consequently, the property tax burden on the public tends to be somewhat higher than normal.

Globe is the county seat. The majority of the eastern part of the county belongs to the Indian Reservation, while most of the balance of the county (central, northern, and southern) belongs to the U.S. Forest Service, the Tonto National Forest, etc. The county is located just east of the Phoenix metropolitan area and benefits from this proximity.

There are 3 main highways traversing the county, but no freeways. The main highway is State Highway 87 (the Beeline Highway) which travels north/south and providing access from the Phoenix metro area on the south, through Payson, and then north to Winslow on Interstate-40 north of the county. This highway has recently been improved to a four lane divided highway on the Phoenix to Payson run. Additional highways are State Highway 60/77 (in the eastern part of the county, connecting Globe to the White Mountains), Highway 188 (connecting Globe to Payson), and Highway 260 (connecting Payson to Show Low). Highway 260 has recently undergone improvement to four lanes in some portions, as the White Mountains and Show Low area has recently seen a boom in construction, which has increased traffic flow from Phoenix to Show Low, through Payson.

The leading municipalities in Gila County by population are Globe-Miami and Payson. The balance of the municipalities are very small, as shown on the attached map. Many are small unincorporated former mining and/or ranching towns, or tourist or second home destinations, such as Pine and Strawberry. The recent population figures are shown on the following table:

Municipality – Population	1990	2000	2008
Globe-Miami	8,080	9,422	9,923
Payson	8,377	13,620	16,965
Gila County	40,216	51,335	57,361

The subject property is located in Miami, which is part of the overall Globe-Miami small metropolitan area. Miami was founded in 1907 and incorporated in 1918; Globe was founded in 1876 and incorporated in 1907. The nearest major metropolitan areas are Phoenix, about 85 miles to the west, and Tucson, about 100 miles to the south. Phoenix is the state capital and has been one of the fastest growing metropolitan areas in the country. Principal economic activities in Globe are mining, ranching, manufacturing, government, and tourism.

Globe and Miami are adjacent to each other, being connected by Highway 60. Highway 60 is the main and in fact only east/west thoroughfare in the metropolitan area, and nearly all of the main commercial facilities are located thereon. In the east portion of Globe, Highway 60 goes north to Show Low at its intersection with Highway 70. Highway 70 connects Globe with Safford.

The Globe/Miami area experienced noted growth in the early 1990's, after decreasing in growth slightly during the decade of the 1980's. Notable commercial development took place in the 1990's, along Highway 60, with some dozen or so commercial sites being developed with a variety of newer, mainly chain uses (hotels, restaurants, grocery stores, service stations, etc.).

Basically, concerning commercial development in the area, the new commercial development is concentrated in two locations. One location is in the western portion of the area, mostly Miami, and includes a Wal-Mart/Safeway retail center, a newer Smith's food store, a handful of auto dealerships, and various additional commercial uses. The other area of new commercial development is located in the eastern portion of Globe, and stretches basically from the Gila County Building, east about 2 miles. This area houses a handful of newer hotels (Days Inn, Comfort Inn), service stations, restaurants, a newer Dollar General store, etc. Between these areas is an older portion of Globe, housing many older commercial uses and some residential uses, mobile home parks, as well as historic downtown Globe.

Globe and Miami are located in a steep canyon in the Pinal Mountains and scenic views are afforded in all directions. The elevation is about 3,500 feet, meaning the area has a milder climate than Phoenix, which is at about 1000 feet in elevation. Downtown Globe retains its historic flavor, with many restored historic buildings found. Educational facilities are adequate, including public and private schools and a community college, and the Cobre Valley Community Hospital also serves the area. The Globe/San Carlos Regional Airport has a lighted 4,750 foot runway.

The subject is located in downtown Miami, which had been undergoing until the recent economic slowdown a sort of renovation among many of its early 1900's era buildings reminiscent of its history as a mining town. In addition to a few new municipal buildings such as the Miami Town Hall, most of the buildings are older commercial buildings occupied by mom and pop type antique shops. Many of the buildings include living quarters, and such are considered a desirable amenity. The character of the buildings are both office and retail, and while retail uses are typical they suffer somewhat in that they are located on Sullivan Street one block north of the main highway; as such there is no visibility to them from the main traveled arterial. In addition, there are some buildings

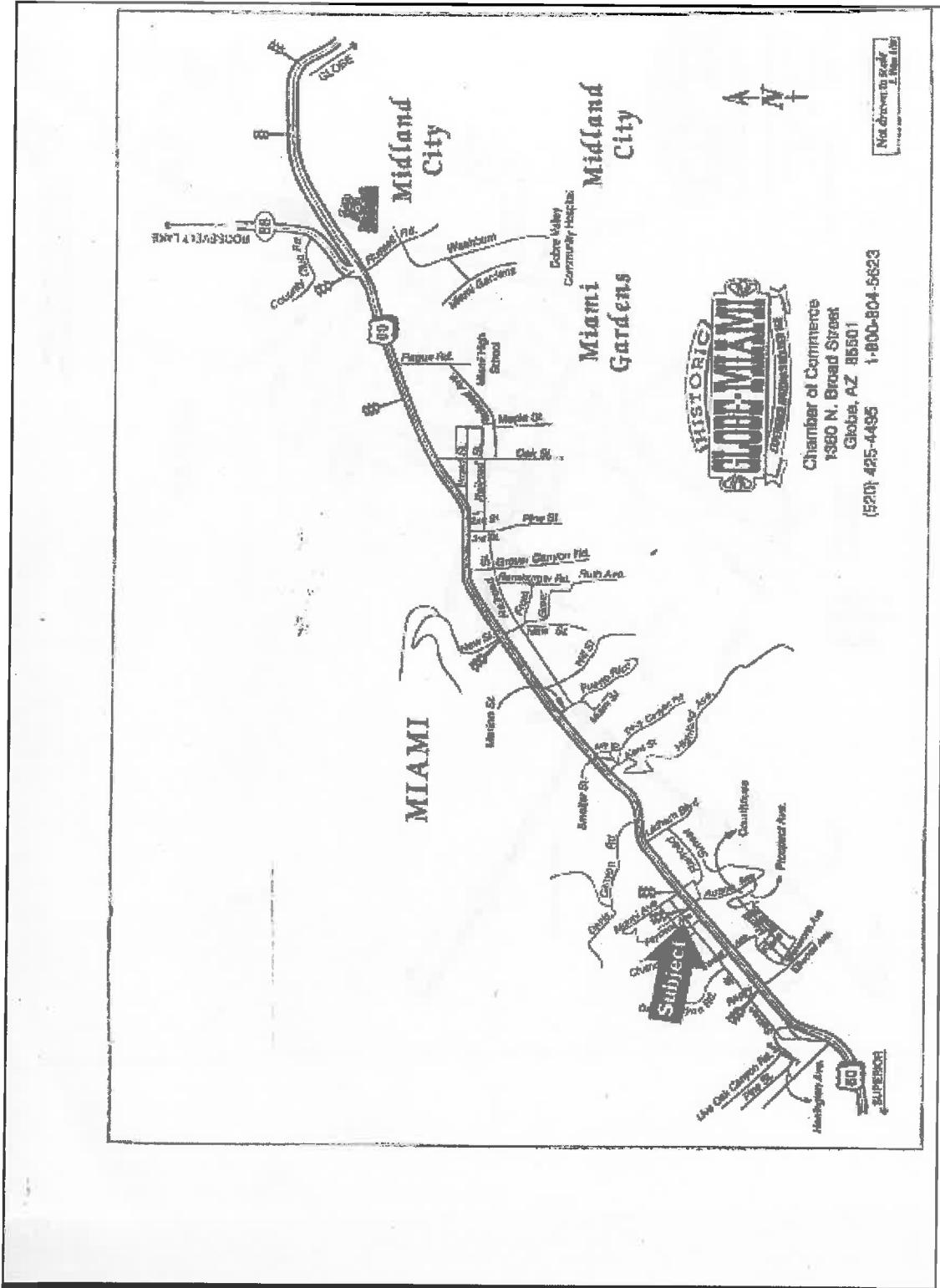
which are somewhat dilapidated and vacant, plus some buildings which have undergone renovation. The buildings include zero-lot lines and most of the buildings occupy nearly the entire site area.

There is a wash running east/west through downtown Miami, known on plat map as Canal Street, and there are several old cement overpasses crossing this wash, including one on Keystone Avenue near the subject.

The subject's own Sullivan Street is the main street in downtown Miami. Many of the buildings are two-story and some of those have the ground floor utilized as retail (mostly antique) shops and/or office concerns, and the second floors are utilized as living space, either rented out or for the proprietors/owners. In addition, some one story buildings including living quarters at the rear. The condition of the buildings varies widely. A handful of sales took place in 2010; the buildings are not typically investment grade and the purchasers have typically been owner/users – see Valuation Section for details. However, the market has softened in Miami over the past year, which hasn't seen any sales in downtown Miami of note. The market in nearby Globe is better than Miami and has traditionally been better so; however, the Globe market has softened a bit too over the past year.

In conclusion, Globe/Miami appears to be in a stability stage of growth, with slight increases in population and development. The area has not witnessed a high amount of growth such as was seen in several communities in Arizona over the early part of the 2000's, such as the White Mountains or Safford, for instance. Rather, growth has been slow, but overall, there are no overly detrimental or adverse factors regarding the subject or the immediate vicinity that would negatively impact marketability or value.

NEIGHBORHOOD MAP

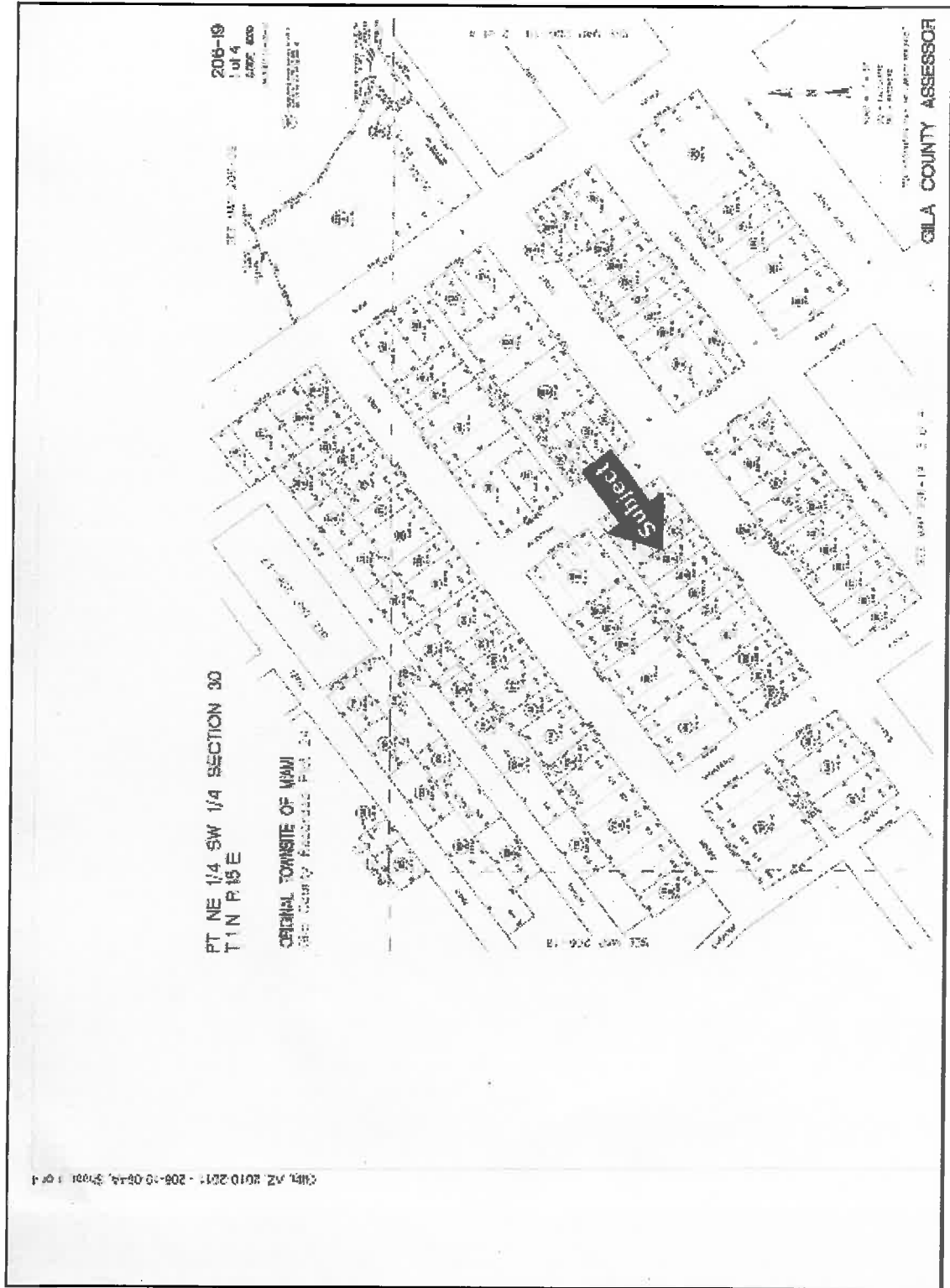


SITE ANALYSIS

Address/Location:	506 West Sullivan Street, Miami, Arizona 85539
	This places the subject approximately 75 feet west of the northwest corner of Sullivan Street and Keystone Avenue, in Miami.
Assessor's Parcel Number:	206-19-094A
Site Size:	2,250 SF, or 0.05 acres.
	Site measures 25' (east/west – frontage on north side of Sullivan Street) by 90' (north/south – depth). Site is an interior (vs. corner) site.
Access, Frontage:	Site has 25 feet of frontage on the north side of Sullivan Street. Site is also bordered to the north by a public alleyway, from which access to the site is also afforded.
Arterials:	Sullivan Street is the main arterial in downtown Miami, and is asphaltic paved for two opposing lanes of traffic (no striping), and with designated on-street parking spaces. The arterial is fully improved with concrete curbs, gutters, and sidewalks, at this location.
Utilities:	All utilities are available to the site, including electricity from Arizona Public Service, water from Arizona Water Company, municipal sewer, natural gas from Southwest Gas Corporation, and telephone from Qwest.
Zoning:	Commercial, with Historic Overlay, Town of Miami
Topography:	Generally level and at grade
Flood Hazard:	Zone AE, base flood elevations determined, special flood hazard area subject to inundation by the 1% annual chance of flood. Flood Zone map/panel 04007C2113D, effective date December 4, 2007, new flood map in conjunction with FEMA's recent reclassifying of flood zones throughout the country. Subject and most of downtown Miami (and all improved comps utilized in Valuation section) is located in this zone. Flood insurance may be required for certain federally-insured mortgage loans. See Underlying Assumptions and Limiting Conditions for additional details.
Soils and Drainage:	No soils analysis was provided the appraiser, and in the absence of such and lacking information to the contrary and based on the appraiser's inspection, it is assumed that the soils are adequate to support the site's highest and best use, and that drainage is adequate. However, appraiser is not an engineer and assumes no liability for such issues.

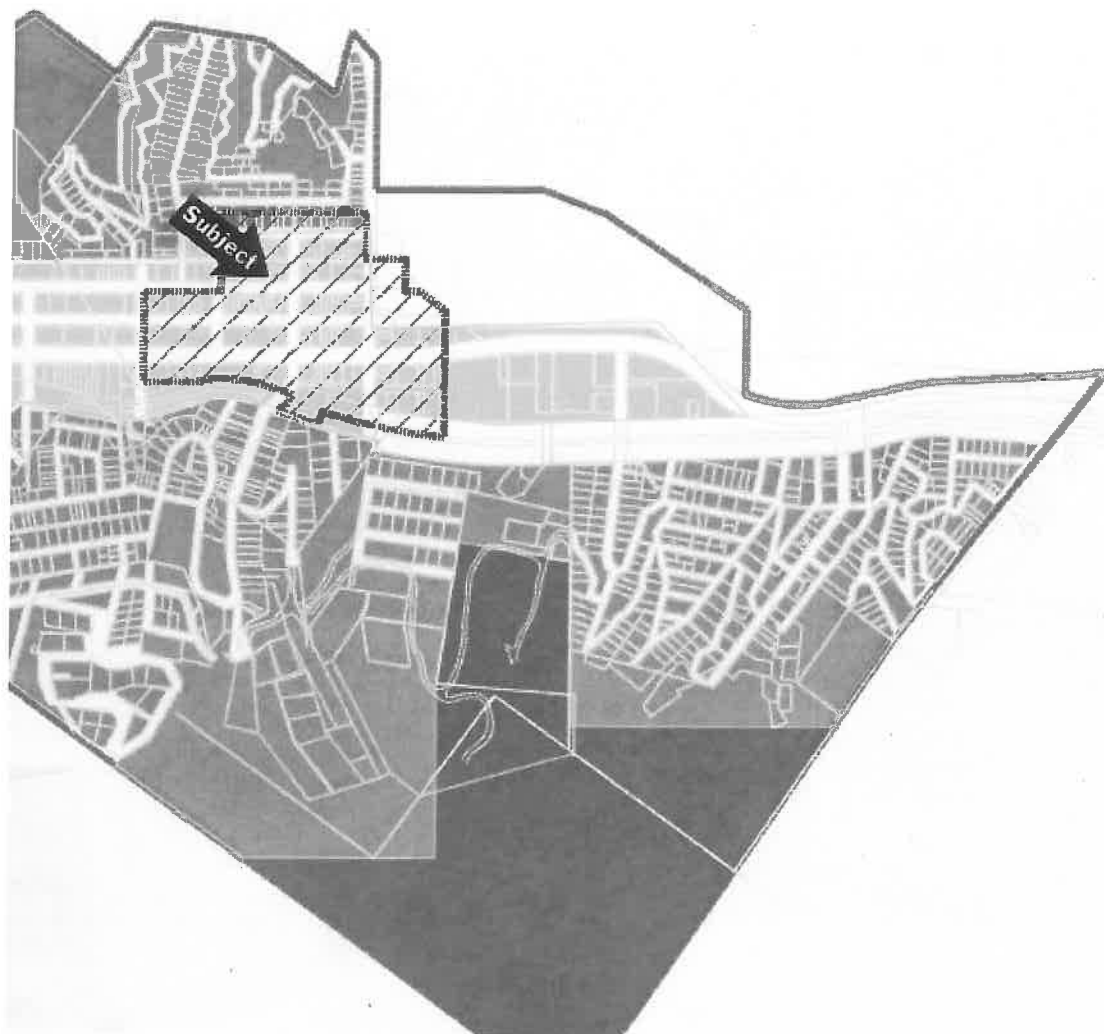
Easements:	From inspection and lacking information to the contrary, no restrictive and only typical easements such as utility easements are assumed in place on the site.
Environmental Concerns:	During physical inspection of the site, no hazardous materials were evident. The appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions, however, the appraiser is not an expert in this field and assumes no liability for such matters. See Underlying Assumptions and Contingent Conditions for additional discussion.
Assessment and Taxes:	The subject property, being government-owned, is tax-exempt. The subject's full cash value (year 2012) is \$53,347, including \$3,690 as the value of the land and \$49,657 as the value of the improvements.

PLAT MAP

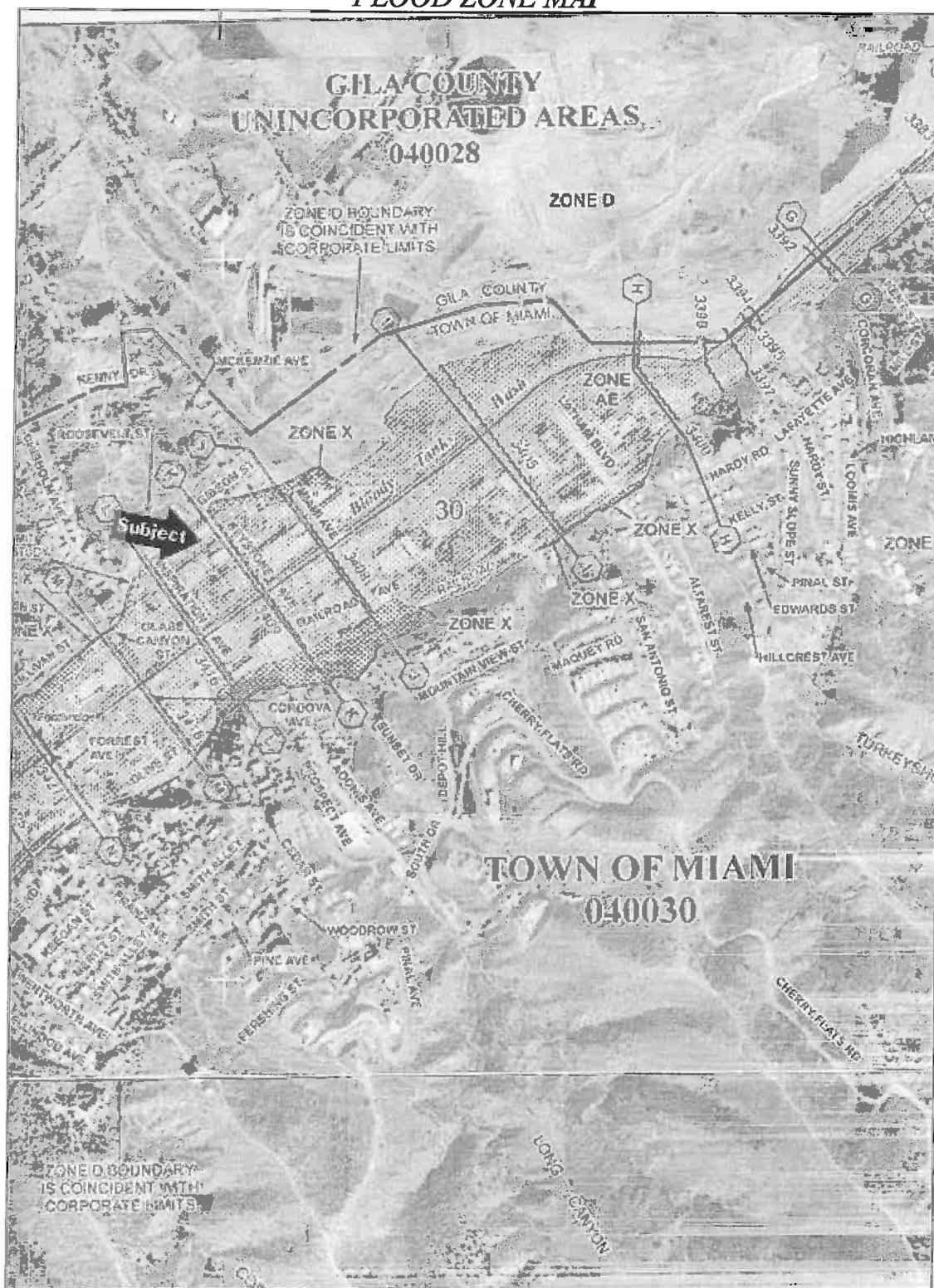


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ZONING MAP



FLOOD ZONE MAP

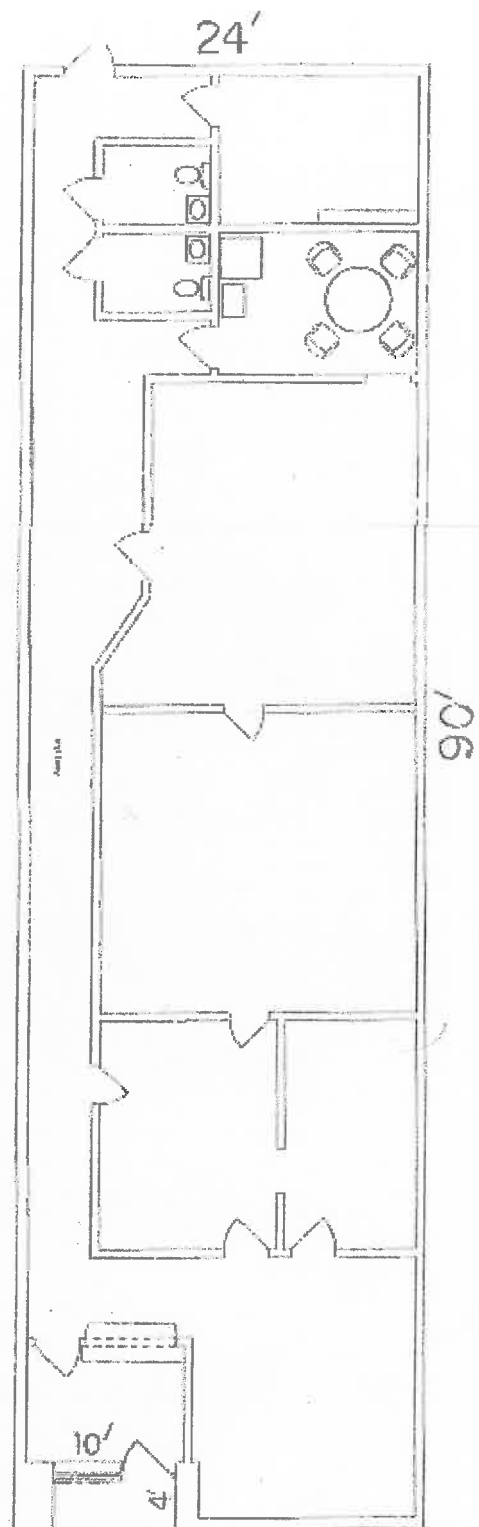


IMPROVEMENT ANALYSIS

Property Address:	506 West Sullivan Street, Miami, Arizona
Property Type:	Commercial Building
Number of Buildings:	One
Number of Stories:	One
Year Built:	1915 – per Assessor
Effective Age:	35 years
Remaining Economic Life:	30 years
Building SF:	2,120 SF – per appraiser measurement. Building occupies virtually the entire site. There is a slight indentation in the building (4'x10') at the front porch. See Building Sketch for additional details.
Foundation:	Cement slab
Exterior Walls:	Block/brick
Roof:	Pitched with rolled asphalt roofing finish – new finish
Windows:	Only one window, in front, storefront glass type
Exterior Doors:	One single glass entrance door in front; one solid core wood door in rear
HVAC:	Roof-mounted package AC/furnace unit
Electrical Service:	Assumed adequate and to code
Interior Walls:	Taped, textured, painted drywall
Ceilings:	Taped, textured, painted drywall
Interior Doors:	Mostly hollow core wood
Trim:	Wood
Flooring:	Combination vinyl tile, concrete, and low-grade commercial carpeting
Lighting:	Primarily fluorescent
Restrooms:	One, two-fixture men's room and one, two-fixture women's room, both with grab bars.
Layout:	Building includes a main reception area, a total of 6 rooms which are utilized as offices, a break room, a room utilized as a kitchenette, and the two restrooms near the rear or north portion of the building. A long hallway runs along the west side of the building. Within the past year a wall was added separating a somewhat large office into two smaller offices.
Construction Quality:	Average
Condition:	Average
Functional Utility:	Average

Summary:

Subject is an office building and has been utilized in various capacities as an office building over recent past, most recently by the Town of Miami as a transit office. Building set up as office, which is its most reasonable use. Subject competes with other commercial buildings utilized as either office or retail in downtown Miami, primarily on Sullivan Street. General wear and tear was noted, typical of older buildings like the subject, nothing overly detrimental. Previously there had been some roof leakage, but the Town of Miami representative who accompanied the appraiser on the inspection reported, and the appraiser confirmed, that the roof leakage was recently addressed, with new roof work done and the ceiling where the leakage had occurred being patched with new drywall. Building was constructed in 1915 per Assessor's records but appears newer as a more modern front was subsequently added; subject's effective age and remaining economic life are as reported earlier. Modern front is somewhat atypical for other historic buildings and facades in downtown Miami.



SUBJECT PHOTOGRAPHS



View looking E on Sullivan St., Subj. to L



View looking W on Sullivan St., Subj. to R

SUBJECT PHOTOGRAPHS



View looking NW at Subj. from Sullivan St.



View looking NE at Subj. from Sullivan St.

SUBJECT PHOTOGRAPHS



View looking E on alleyway behind Subj.



View of rear of Subj. looking SW



View of reception area



View of hall



View of area behind reception



View of typical office

SUBJECT PHOTOGRAPHS



Typical interior view w



Typical interior view



View of rest room

HIGHEST AND BEST USE ANALYSIS

The concept of Highest and Best Use is central to the appraisal problem. It is defined in the Dictionary of Real Estate Appraisal as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximal productivity."

The Highest and Best Use section of the appraisal is the apex which links the first or descriptive section of the report with the second or valuation section. The first section builds up to the highest and best use analysis, which determines the valuation methodology to be used. Implied within the definition of highest and best use is the recognition of that specific use to the community development goals in addition to wealth maximization of the individual property owner. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

For an improved property, highest and best use is considered from two points of view, first, from the point of view of the site as if it were vacant. Second, highest and best use is considered from the point of view of the property as it is currently improved. For a vacant site or property, highest and best use is analyzed from only one point of view, that being considering the property as vacant. Based on the preceding, the following is set forth.

Highest and Best Use, As If Vacant:

Considering the subject site's locational and physical characteristics as discussed in the report, as well as zoning and market conditions, the current highest and best use of the subject property, as if vacant, is for speculation and or development purposes consistent with underlying zoning, that is, for commercial development.

Highest and Best Use, As Improved/As Is:

The second test of highest and best use theoretically asks the question whether the existing use should remain or be altered or removed in applying the four tests of highest and best use. First, the subject improvements meet the test of physical possibility (they are existing on the site, which supports them, and they have a lengthy remaining economic life) and legal permissibility (they are a permitted use under current zoning).

In applying the test of financial feasibility, typically, for income-producing properties, this test is based on the amount of rent generated, less operating expenses, whereas for owner-occupied properties, the test considers the overall successfulness or usefulness of the existing property. In the case of the subject property, financial feasibility is seen in the successful operating history of the property consistent with its intended use.

Concerning maximal productivity, clearly, the improvements contribute to the overall property value and hence put the property to its highest and best use. Conversion to different use would not be deemed feasible or appropriate. Thus, the current highest and best use of the subject property, as improved, is for a continuation of its existing use as a commercial building.

THE APPRAISAL PROCESS

The appraisal process is the systematic procedure utilized to provide an answer to the client concerning the market value of the real property appraised. In it, the process is planned as to the collection, analysis, and presentation of the necessary data in order to arrive at an estimated value. Three approaches are involved and considered for use in an assignment, and all, one, or two are utilized depending on the assignment. The approaches are the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. Each approach has its strengths and weaknesses depending on the nature of the assignment and the subject property. The approaches which are deemed appropriate for the assignment are then utilized, each resulting in its own value indication. The value indications from the approaches utilized are then reconciled into a final value estimate for the subject property in the Reconciliation section of the report. Each of the approaches is considered and discussed as follows.

The Cost Approach is based on the principal of substitution, which states that no prudent person would pay more for a property than the amount it would cost to obtain a property of similar desirability, by way of purchasing a vacant site and constructing a building thereon. In the Cost Approach, the subject's land value is first determined, through a Sales Comparison analysis using as comparables recent sales of similar vacant sites to the subject site. To the estimated site value is then added the estimated replacement cost new of the improvements, through such published sources as the Marshall Valuation Service Cost manuals. When applicable, actual construction costs for the subject property are also considered, along with construction costs of similar buildings from builders and developers in the area. From the estimated replacement cost new of the building is then deducted accrued depreciation caused by physical, functional, and exterior or adverse economic sources. This results in the estimated depreciated cost new of the building, to which is then added the estimated land value, determined earlier, for the final value estimate via this approach to value.

In the Sales Comparison Approach, the appraiser estimates the value of the subject property by comparing it with similar improved properties which have recently been sold, or are currently available for sale. The subject and comparables are broken down into similar units of comparison, in this case the price per square foot. The fundamental basis for valuation in this approach involves differences between the subject and comparables in their various specific characteristics. There are two levels of adjustment, the first involving characteristics of the market and the actual transaction, such as property rights conveyed, changed market conditions since the date of sale, financing, and conditions of sale (such as atypically motivated parties to the transactions). The second level of adjustment considers the characteristics of the building itself, such as size, age, location, utility, quality and condition, amenities, and the like. Adjustments are applied to these characteristics, based on the appraiser's judgment. Downward adjustments are applied when a comparable's characteristic is superior to the subject's, and upward for when inferior. If the characteristic is basically similar, no adjustment is applied. The adjustments are then tallied and result in the adjusted sale price per unit of a comparable. This then renders the range in adjusted price per unit, and from the range the appraiser makes a determination as to the best value indication for the subject. This figure is then multiplied by the number of units of the subject, resulting in the final value estimate via this approach to value.

The Income Capitalization Approach reflects the subject's income-producing capabilities, and is based on the assumption that value is created by the expectation of benefits to be derived in the future. It reflects the amount an investor would be willing to pay in anticipation of these benefits, which can be a single year's income (direct capitalization, for stabilized properties) or an income

stream over several years plus a reversion at the end of that period (estimated via a Discounted Cash Flow Analysis, when a property is either not stabilized, is proposed, or is expected to have a varying income stream over a period of time, and the like).

For direct capitalization, the potential gross income (PGI) is first estimated, based on market rents or actual subject rents, from which is then deducted vacancy (again based on the market or subject property), resulting in the estimated effective gross income (EGI). Expenses are then deducted (market/subject), resulting in the estimate of net operating income (NOI), which is then capitalized into a value estimate. The estimated NOI is divided by the appropriate capitalization rate, determined by the appraiser through market analysis.

For yield capitalization or the DCF, the estimation process is similar in that each year over the holding period results in an estimated NOI. However, there are more factors involved as the income stream varies due to lease up, capital expenses, tenant improvements, etc. In addition, a selling price or reversion is estimated at the end of the holding period. The cash flows from each year of the holding period, and the estimated reversion, are discounted to a present value estimate via this method.

In the Reconciliation section of the appraisal, the various approaches are then summarized and a final reconciled value estimate derived, again based on the appraiser's judgment and considering the various strengths and weaknesses of the approaches utilized.

Approaches Utilized

In the case of the valuation of the subject property, as noted earlier in the Introductory section of the appraisal, the primary approach was considered to be the Sales Comparison Approach, and this approach has been utilized in this assignment.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, the appraiser estimates the value of the subject property by comparing it with similar improved properties which have recently been sold, or are currently available for sale. The subject and comparables are broken down into similar units of comparison, in this case the price per square foot. The fundamental basis for valuation in this approach involves differences between the subject and comparables in their various specific characteristics.

There are two levels of adjustment, the first involving characteristics of the market and the actual transaction, such as property rights conveyed, changed market conditions since the date of sale, financing, and conditions of sale (such as atypically motivated parties to the transactions). The second level of adjustment considers the characteristics of the building itself, such as size, age, location, utility, quality and condition, amenities, and the like. Adjustments are applied to these characteristics, based on the appraiser's judgment. Downward adjustments are applied when a comparable's characteristic is superior to the subject's, and upward for when inferior. If the characteristic is basically similar, no adjustment is applied. The adjustments are then tallied and result in the adjusted unit price of a comparable. This then renders the range in adjusted prices of the comparables, and from the range the appraiser makes a determination as to the best unit price indication for the subject. This figure is then multiplied by the number of units of the subject, resulting in the final value estimate via this approach to value.

The comparables selected for use in this approach were the most appropriate and representative sales for comparison purposes to the subject property. Sale dates shown are closing dates. Additional closed sales and current listings were considered by the appraiser and are supportive of those comparables utilized.

IMPROVED COMPARABLE NO 1



Property Type:	Commercial
Location:	125 S. Miami Ave.
City:	Miami
Assessor's Parcel No.:	206-19-007B
Sale Date:	August, 2008
Sale Price:	\$63,500
Price Per SF:	\$58.36/SF
Instrument:	Warranty Deed (11435)
Grantor/Grantee:	Pool / Pankow
Terms of Sale:	Undisclosed
Site Area:	5,625 SF
Zoning:	Commercial, Miami
Building Area:	1,088 SF
Year Built:	1920
Condition:	Below Average
Confirmation:	Public Records
Comments:	Small commercial building, mostly open shell space and warehouse-type. Building itself sits on small lot and larger adjacent lot is part of transaction and is empty and fenced.

IMPROVED COMPARABLE NO 2



Property Type:	Commercial
Location:	135 N. Miami Ave.
City:	Miami
Assessor's Parcel No.:	206-19-014C
Sale Date:	August, 2010
Sale Price:	\$95,000
Price Per SF:	\$89.96/SF
Instrument:	Deed (8783)
Grantor/Grantee:	Merrill / Lange
Terms of Sale:	\$19,000 down, seller carry balance, rates undisclosed
Site Area:	1,736 SF
Zoning:	Commercial, Miami
Building Area:	1,056 SF
Year Built:	1921
Condition:	Average
Confirmation:	Public Records, Knowledgeable Local Party
Comments:	Small commercial building with small kitchenette and studio apartment as rear part; retail front portion. Reportedly seller had done some upgrading. Was for sale by owner. Adjacent to canal.

IMPROVED COMPARABLE NO 3



Property Type:	Commercial
Location:	511 W. Sullivan St.
City:	Miami
Assessor's Parcel No.:	206-19-083B
Sale Date:	August, 2010
Sale Price:	\$80,000
Price Per SF:	\$109.74/SF
Instrument:	Warranty Deed (8908)
Grantor/Grantee:	Thompson / Lopez
Terms of Sale:	\$10,000 down, seller carry balance for 5 years, 8% int.
Site Area:	736 SF
Zoning:	Commercial, Miami
Building Area:	729 SF
Year Built:	1990
Condition:	Above Average
Confirmation:	Public Records, Seller
Comments:	Small office, generally well-kept. Small office in front and restroom and storage in rear. Tiny property and site. Buyer is owner-occupant using for accounting business. Short time on market, for sale by owner.

IMPROVED COMPARABLE NO 4



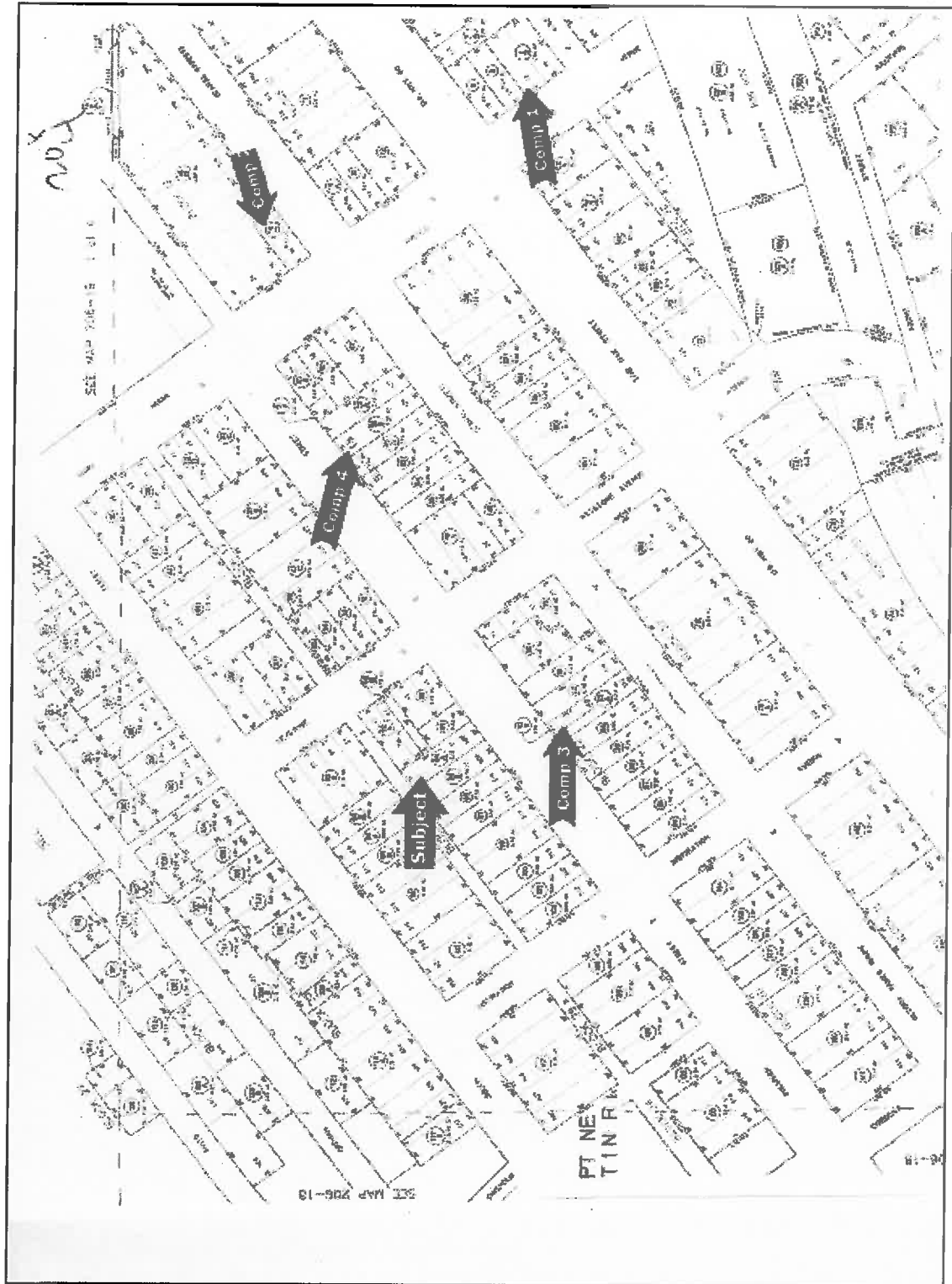
Property Type:	Commercial
Location:	409 W. Sullivan St., Miami
Assessor's Parcel No.:	206-19-052B
Sale Date:	March, 2010
Sale Price:	\$85,000 (\$46.17/SF)
Instrument:	Warranty Deed (2690)
Grantor/Grantee:	Barber / Mitchell Living Trust
Terms of Sale:	\$50,000 down, conventional financing for balance per Assessor records (considered typical)
Site Area:	2,500 SF
Zoning:	Commercial, Miami
Building Area:	1,841 SF
Year Built:	1915
Condition:	Average
Confirmation:	Public Records, Prior Owner
Comments:	Typical older commercial building in downtown Miami. Retail space, open front area, plus small living quarters in rear, recently refurbished. Owner had previously marketed for considerably more, had it sold to party who fixed it up (living qtrs), that deal fell through, owner re-marketed, sold quickly at \$85,000. Confirming party (former owner) felt it sold low, reasonable based on quick purchase and noted circumstances. Property is currently offered for lease.

IMPROVED COMPARABLE NO 5

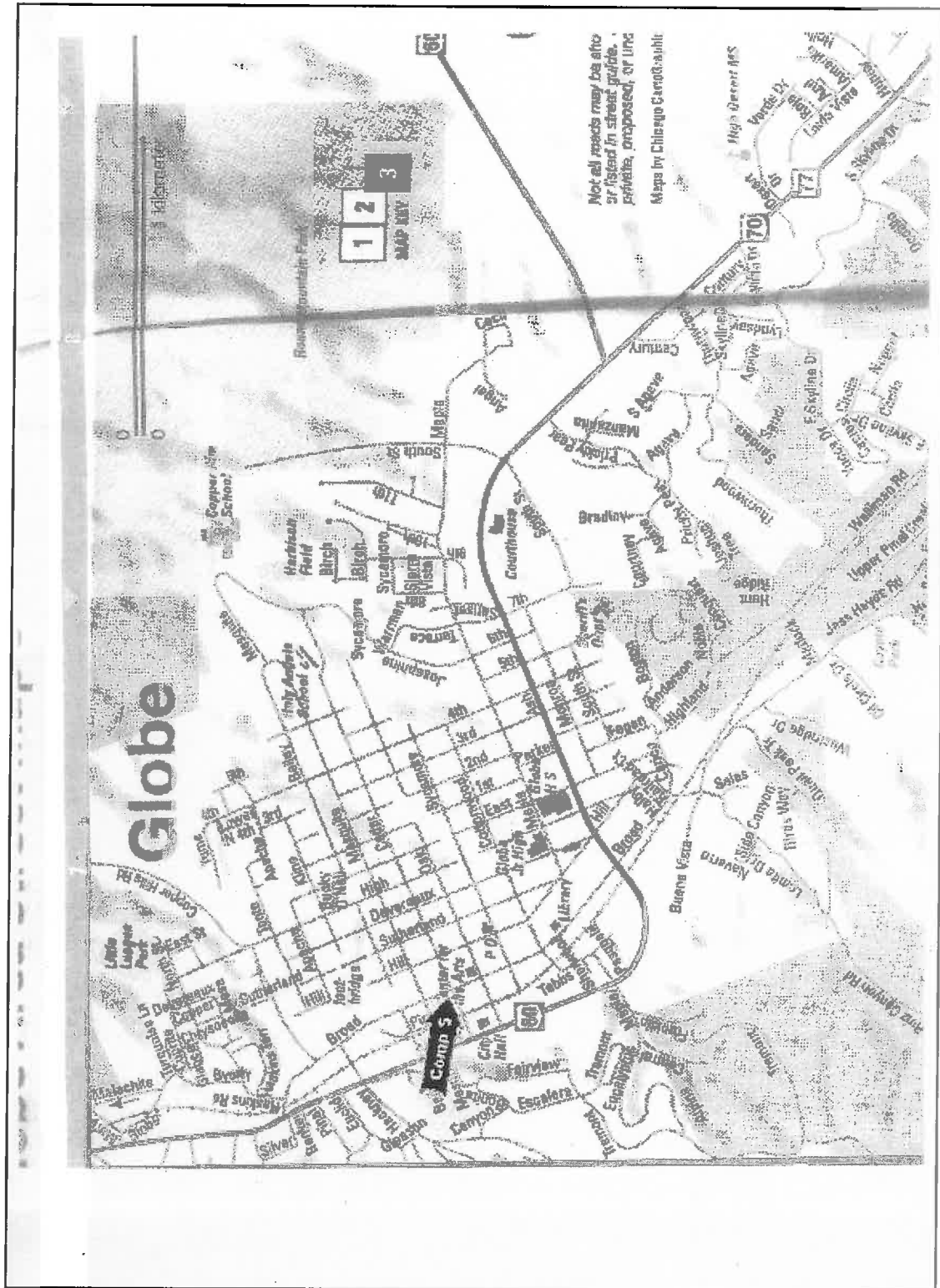


Property Type:	Commercial
Location:	200 N. Broad St., Globe
Assessor's Parcel No.:	208-03-211
Sale Date:	March, 2011
Sale Price/Instrument:	\$135,000 (\$54.95/SF)
Instrument:	Warranty Deed (3167)
Grantor/Grantee:	Staley / Globe Farm Holdings
Terms of Sale:	All cash
Site Area:	2,500 SF
Zoning:	Commercial, Globe
Building Area:	2,457 SF
Year Built:	1900
Condition:	Average
Confirmation:	Public Records, Knowledgeable Local Party
Comments:	Typical older commercial building (was Copper Hills Jewelry and Gifts – jewelry display fixtures and cases still inside) in downtown Globe. Constructed about 1900, placard on property says “Oldest Intact Building in Globe.” Retail space, mostly open showroom, with small rooms in back. No living quarters. This sale is used as it is similar to the other sales and the subject, that is, small, older commercial building, zero lot line, in nearby Globe in heart of downtown. Owner had approached local property owner (and seller of Comp No. 3) about purchasing this property but was declined; owner then sold it to a concern (above grantee) who planned to use it as owner/occupant; however, building remains unoccupied.

MAP OF IMPROVED COMPARABLES



MAP OF IMPROVED COMPARABLES



SUMMARY OF IMPROVED COMPARABLES

Subject		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
506 W. Sullivan						
Address:	St.	125 S. Miami Ave.	135 N. Miami Ave.	511 W. Sullivan St.	409 W. Sullivan St.	200 N. Broad St.
City:	Miami	Miami	Miami	Miami	Miami	Globe
Ppty Type:	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial
Sale Price	\$	63,500	\$ 95,000	\$ 80,000	\$ 85,000	\$ 135,000
\$/SF		\$58.36	\$89.96	\$109.74	\$46.17	\$54.95
Ppty Rights:	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Sale Terms:	Cash	Cash	Cash	Cash	Cash	Cash
Sale Cond.:	Typical	Typical	Typical	Typical	Movit Seller	Typical
Sale Date:	Aug-08	Aug-08	Aug-10	Aug-10	Mar-10	Mar-11
Impr. SF:	2,120	1,088	1,056	729	1,841	2,457
Year Built:	1915	1920	1921	1990	1915	1900
Bldg Cond.:	Average	Below Average	Average	Above Average	Average	Average
Stories	One	One	One	One	One	One
Site Size (SF):	2,250	5,625	1,736	736	2,500	2,500
Zoning:	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial

DISCUSSION AND ANALYSIS OF COMPARABLE SALES

The prior noted comparables have been utilized in this valuation of the subject property, representing recent sales of similar properties in the subject's market area. The comparables have been summarized, photographed, and mapped for the reader's reference. The comparables were confirmed with parties to them when possible, and represent the best, most recent, and most appropriate data in the form of comparable sales for use in the analysis. Additional closed sales and current listings were considered by the appraiser, which are supportive of those sales used, and data on them is retained in the appraiser's files.

Adjustments – First Level

The comparables are then adjusted to the subject property. The first level of adjustments is for property rights conveyed, financing terms, conditions of sale, and market conditions.

Property rights conveyed were fee simple in all cases, and no adjustments were required at this adjustment level.

Concerning financing terms, the sales generally involved a cash down payment with typically seller carryback financing. (The Globe sale was for cash.) Most of the activity in Miami involves seller carryback financing, as the buildings are older and what with other factors and uncertainties including flood zone status as noted and the like, and as a result it is difficult or the feeling is that it might be difficult to obtain conventional bank financing or if available the terms would be restrictive (high down payment and the like) and various sources differ somewhat on this and the problem is made more complicated by the current financing situation and crisis in the banking and financial industries as well as the overall economy. Typical financing in the case of the valuation of the subject property would thus be based on what is found or assumed in the market, as discussed, which is in this case a reasonable down payment and seller terms as being considered equivalent to cash. As such, with the sales being so financed, no adjustments have been made for this factor.

The conditions of sale adjustment accounts for atypical conditions or motivations on the part of the parties to the transactions, and in the case of the comparables, based on the appraiser's conversations with the confirming parties and research, no adjustments are required at this level for any of the sales but Comparable No. 4, which is adjusted for this factor as discussed – see individual write-up for that sale.

The final level of adjustment in the first set of adjustments is for changed market conditions over the period from when the sales took place to the date of valuation of the subject. Three of the sales were from 2010, and are adjusted downward due to the better market conditions last year vs. the present year, with the continuing slowdown in the market and due to the fact that there were no sales of note in Miami over the past year or so. The real estate market in both Miami and Globe has softened the past year, in Miami more so than in Globe, according to local market participants including Mr. Thomas Thompson, who has had substantial local real estate holdings for a number of years (and was involved in some of the comparables utilized – see write-ups). The 2008 sale is adjusted downward for superior market conditions as well, while the 2011 sale, being from March or seven months ago, is slightly adjusted.

Adjustments – Second Level

The second level of adjustments concern the physical and locational features of the comparables as they compare to the subject property.

Concerning location, this adjustment takes into account such locational features as the overall character and desirability of the area, surrounding uses to the subject, amount of buildout in the area, demographics, and general access and visibility characteristics. However, in the case of the subject and comparables, Comparable Nos. 1-4 were located in downtown Miami in basically similar locations, and no adjustments are made. Comparable No. 5 is adjusted downward for its superior Globe location.

Size adjustments relate to economies of scale, with smaller properties tending to sell for more on a price per unit basis. The comparables as such have been adjusted to the subject when appropriate for this factor, as shown on the adjustment grid.

Adjustments are next considered for age, with older properties tending to require upward adjustments for this inferior characteristic. However, in the case of the subject property, no adjustments will be imputed for this factor as the factor of condition is a more important and telling factor between the subject and comparables.

The comparables are additionally adjusted for condition, which takes into account the quality and condition of a property, its construction materials, market appeal, and similar factors. The subject's condition of average has been described in greater detail earlier in the report. The comparables vary in condition as shown on the prior summary table. Based on this, the indicated adjustments have been made.

The comparables are next adjusted for site area. Four of the comparables, and the subject, are essentially zero-lot line buildings, with the buildings occupying the entire sites and no additional site area present. Comparable No. 1, however, has a fair amount of additional vacant site area and this is superior, requiring downward adjustment as shown on the adjustment grid.

The comparables are next adjusted for use, which in this case takes into account the type of building, that is, office or retail vs. shell, and whether living quarters are included. Office or retail buildings or some combination thereof are more typical and superior to shell buildings (like Comparable No. 1); plus, buildings with some existing living accommodations are considered superior to those without. Subject is office building without living quarters as currently set up. Comparable No. 1 is adjusted upward to the subject for the stated reasons, while Nos. 2 and 4, with living quarters (those in No. 4 the better than in No. 2) are adjusted downward, and no adjustment is made in the case of Comparable No. 3 (lacks living quarters like the subject). Please see adjustment grid for details.

Finally, the comparables are adjusted, if appropriate, for other or miscellaneous characteristics not covered in the additional categories, such as amenities, site improvements, and the like. However, in the case of the subject, and no adjustments are made.

After adjustments to each of the comparables, their adjusted sale prices are derived, and displayed on the adjustment grid. The adjusted value is then reconciled into a final value indication for the subject. The reader's attention is directed to the adjustment grid on the following page.

Final Estimate of Value Via Sales Comparison Approach

As noted, the comparables provided a pre-adjusted price range from \$46.17 to \$109.74/SF. After the noted adjustments were made, the adjusted range in prices was from \$35.02 to \$58.25/SF. The average adjusted price was \$44.31/SF. When considering the subject's locational and physical characteristics, as well as the strength of the data and market conditions, the appraiser has estimated the value of the subject, via the Sales Comparison Approach, to be as follows:

$$2,120 \text{ SF} \times \$39.00/\text{SF} = \$82,680, \text{ rd. } \$83,000$$

(EIGHTY-THREE THOUSAND DOLLARS)

IMPROVED COMPARABLE ADJUSTMENT GRID

Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Sale Price					
\$/SF (UNADJ.)	\$63,500	\$95,000	\$80,000	\$85,000	\$135,000
	\$58.36	\$89.96	\$109.74	\$46.17	\$54.95
Ppty Rights Conv	0%	0%	0%	0%	0%
Adjusted Price	\$58.36	\$89.96	\$109.74	\$46.17	\$54.95
Terms of Sale	0%	0%	0%	0%	0%
Adjusted Price	\$58.36	\$89.96	\$109.74	\$46.17	\$54.95
Conditions of Sale	0%	0%	0%	25%	0%
Adjusted Price	\$58.36	\$89.96	\$109.74	\$37.71	\$54.95
Market Conditions	-25%	-7.5%	-7.5%	-7.5%	-2.5%
ADJ PRICE - 1ST LEVEL	\$43.77	\$83.21	\$101.51	\$53.38	\$53.57
Location Adj.	0.0%	0.0%	0.0%	0.0%	-30.0%
Bldg SF Adj	-15.0%	-15.0%	-40.0%	0.0%	0.0%
Yr Blt Adj.	0.0%	0.0%	0.0%	0.0%	0.0%
Condition Adj.	5.0%	0.0%	-10.0%	0.0%	0.0%
Site Area Adj.	-25.0%	0.0%	0.0%	0.0%	0.0%
Use Adj.	15.0%	-15.0%	0.0%	-25.0%	0.0%
Other Adj.	0.0%	0.0%	0.0%	0.0%	0.0%
Net Adjustment	-20.0%	-30.0%	-50.0%	-25.0%	-30.0%
Gross Adjustment	60.0%	30.0%	50.0%	25.0%	30.0%
ADJ. \$/SF	\$35.02	\$58.25	\$50.75	\$40.04	\$37.50
Avg Adj \$/SF	\$44.31				

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice by the Appraisal Foundation.

This appraiser is not responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; whether physical, financial, and/or legal. In the case of limited partnerships, or syndication offerings, or stock offerings in real estate, the client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards or settlements of any type in such suit, regardless of the outcome, the client and all parties will completely hold harmless the appraiser.

The liability of the appraiser and the firm with which he is connected is limited to the client in this assignment only and to the fee collected for the assignment.

The validity of legal, engineering, or auditing opinions is assumed to be good, and no responsibility is assumed therefore.

Unless otherwise stated, the appraiser assumes and believes that information furnished by others is reliable, but assumes no responsibility for its accuracy.

Should this valuation opinion be ascribed in regard to proposed public or private improvements, then in that event, this appraisal is subject to the completion thereof in the manner proposed

The appraiser reserves the right to alter statements, analyses, conclusions, or any value estimate in the appraisal if there becomes known to me facts pertinent to the appraisal process which were unknown when the report was finished. Appraisal report and value estimate are subject to change if physical or legal entity or financing is different than that envisioned in this report.

The title to the property being appraised is assumed to be marketable and competent management and/or ownership is assumed. Consideration has been given to the existing or potential financing associated with the subject and the impact of such financing on value.

All mechanical components are assumed to be in operable condition and status standard for properties of the subject age and type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

The appraiser has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil, or hidden structural, mechanical, or other components, and the appraiser shall not be responsible for defects in the property related thereto. Appraiser assumes that there are no conditions that are not apparent, relating to the real estate, sub-soil conditions, or structures located on the real estate which would affect the analyses, opinions, or conclusions with respect to the real estate.

If the appraiser has not been supplied with a termite inspection, survey, or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

The Americans with Disabilities Act of 1990 (ADA) became effective in 1992. Appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since the appraiser has no direct evidence relating to this issue, appraiser did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

Maps, drawings, or sketches have been made a part of the report to aid the reader in visualizing the property, neighborhood, and region. The appraiser has made no survey of the property and assumes no responsibility in connection with such matters.

The distribution of the total valuation between land and any improvements applies only under the program of utilization and any additional conditions stated in this report, and are invalidated under other programs of utilization, or conditions, if used in making a summation appraisal.

The appraiser is not required, because of this appraisal report, to appear or to testify at a public hearing, committee, or corporate meeting, deposition, or legal proceeding of any kind unless satisfactory arrangements have been made in advance for said appearance.

The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and, if it has been possible to make such determination from said sources, has noted in the appraisal report whether the subject site is located in an identified Flood Hazard Area. Because the appraiser is not a surveyor, the appraiser makes no guarantee, express or implied, regarding this determination. It is up to the client to make or confirm their own determination regarding the subject's flood zone status and to take responsibility therefore.

The appraiser must provide his written consent before the lender/client specified in the appraisal can distribute the appraisal report (including conclusions about the property value, the appraiser's identity or firm with which he is connected or any professional designations he may or may not have, and any references to any appraisal organizations with which he may or may not be associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial

institutional or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting services without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

Moreover, this report or any portion thereof is for the exclusive use of the client for the stated purpose and function and is not intended to be used, given, sold, transferred, or relied on by any person other than the client without the prior, express written permission of the author. Use of or reliance upon this report by third parties is specifically prohibited. The appraiser assumes no responsibility for potential claims arising from unauthorized use of this report, or any portion thereof. The client will forever indemnify and hold the appraiser harmless from any claims by third parties related in any way to the appraisal or study which is the subject thereof.

The appraisal report, including all addendums, is meant to be used only in its entirety; no part may be used without the full or entire report.

Unless otherwise stated, the present purchasing power of the dollar is the basis for the values ascribed.

The client authorizes disclosure of all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the bylaws and regulations of said Institute hereafter in effect.

Acceptance of, and/or use of, this appraisal report by the client constitutes acceptance of the above general underlying assumptions and limiting conditions, as well as any additional hypothetical or extraordinary assumptions included herewith.


Extraordinary Assumptions and Limiting Conditions

It should be noted that two of the offices were locked and unavailable for inspection when the appraiser did the inspection, but the two locked offices were reported to be in similar condition to the balance of the improvements. The two uninspected offices are assumed to be in similar average condition to the balance of the improvements.

APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with the assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.



Kurt Peer
Certified General Real Estate Appraiser

Date:
November 2, 2011

APPRAISER'S LICENSE

STATE OF ARIZONA
BOARD OF APPRAISAL

BE IT KNOWN THAT

KURT PEER

HAS MET ALL THE REQUIREMENTS AS A

Certified General Real Estate Appraiser

In accordance with Arizona Revised Statutes and on authority of the Board of Appraisal, State of Arizona.

This certificate shall remain evidence thereof unless or until the same is suspended, revoked or expires in accordance with the provisions of law.

CERTIFICATE NUMBER
30329

EXPIRATION DATE
August 31, 2012



In witness whereof the Arizona Board of Appraisal caused to be signed by the Chair of the Board and the Executive Director

[Signature]
Chair of the Board
[Signature]
Executive Director
4/26/10

SMALL REMAIN PROPERTY OF ARIZONA BOARD OF APPRAISAL